

GCVA DATA ANALYSIS 2023 H2 - UK

Gift cards perform strongly despite a subdued wider market, although the experience across Retail segments was mixed.

Executive Summary

Despite a continuing, low-growth economic environment, data from the gift card and voucher data submitting membership showed a resilient and positive performance in H2 2023, with like-for-like sales growth of 7.43% compared to H2 2022 and a rolling year increase of 7.76%. As has been the case now for five successive periods, growth was strongest in Leisure when compared to Retail, where sales rose by 13.7% on a like-for-like basis – although Retail also performed strongly with an uplift of 7.05%. The experience in Retail was mixed between its different segments, with Grocers leading the way and contributing significantly to the overall rise. Some Retail members experienced a contraction amidst signs of a continuing squeeze on discretionary spend amongst consumers given the continuing cost of living crisis. This consumer squeeze is evidenced when we compare B2C and B2B figures: it was the B2B market that took up the lion’s share of growth – recording a 10.04% increase on a like-for-like basis and 10.6% rolling year – while B2C performed more modestly at 3.95% and 3.24% respectively. Meanwhile, in common with previous periods, it was Digital Gift Cards that saw the fastest growth, up 15.88% across the rolling year. However, sales of Physical Gift Cards always rise around the Christmas period given their convenience and suitability as a gift – and this year there was a 2.1% increase during H2 in this product type. Physical formats still account for over half of the market.

7.4%
Like-for-like period
growth



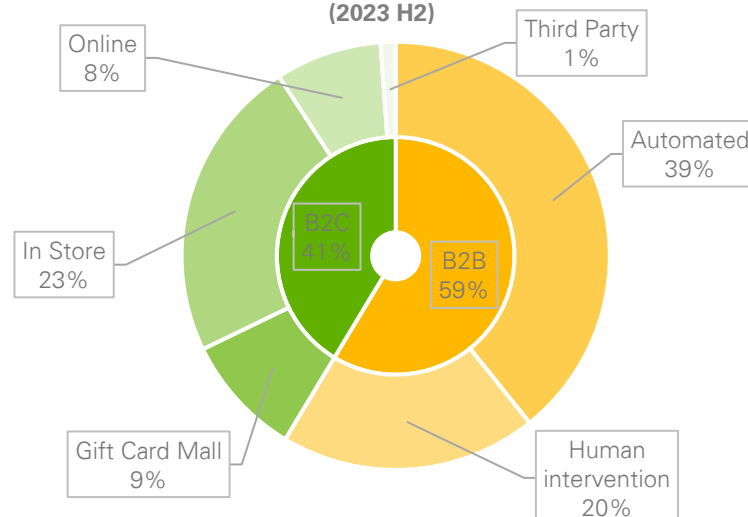
£2.09bn
Total 2023 H2 sales

7.8% Rolling Year
growth

27
Contributors



Market share by sales channel (2023 H2)



 @GCVA_
info@gcva.co.uk

 GCVA
www.gcva.co.uk

**Siobhan Moore & Adam Hobbs, GCVA
Executive Board Co-Chairs said:**

“Despite geopolitical tensions, high inflation, rising interest rates and continued pressure of finances, gift cards and voucher sales have performed remarkably well. Now so much more than a gift, the resilience of gift cards is a testament to the continued diversification of use and enduring popularity.

The robust sales will be a welcome relief for retailers continuing to navigate challenging trading conditions. With the Christmas period not rallying consumers to spend as much as was hoped, gift card sales helped to soften the blow and give retailers much-needed support in the second half of the year. In fact, previous GCVA research found that over 20 million gift cards were exchanged over Christmas 2023, with almost a quarter of people receiving more than in previous years.

Although challenges remain, the growth in gift card sales is hopefully indicative of economic improvement and a brighter outlook ahead as inflation begins to fall. Gift card operators continue to withstand the cutbacks on consumers and businesses, playing a pivotal role in aiding them in supporting loved ones and employees alike.”

**Don Williams, Retail Partner at KPMG UK,
added:**

“Customer spending throughout this period continued to be challenged by the cost of living crisis. This had a major impact on non-discretionary categories with clothing, footwear, high-priced goods, electricals, and furniture all suffering as a result. We are still seeing the return to shops, especially retail parks, while online shopping has fallen back. However, both bricks and mortar and online retail present key parts of the broader customer journey, and it’s where these transactions are taking place that’s shifting.

The sales of the gift cards and vouchers is proving particularly strong, despite the challenging backdrop, putting those with strong brands and customer loyalty at an advantage. There is significant opportunity for the industry to pursue, but now more than ever retailers must adapt to the latest consumer trends, reprioritisation of spend - all while thinking carefully about how to make customer shopping experiences as seamless as possible, be it physical or digital.”

Methodology

The Gift Card & Voucher Association (GCVA) and KPMG UK analysed six months of gift and voucher sales data from 29 members of the GCVA. KPMG UK then aggregated and analysed the data, sorting by market (business-to-consumer or business-to-business), by sector (leisure or retail), by product (physical card, paper voucher, digital or e-voucher), by channel (direct, online, gift card malls or via third party), and also by method of redemption (closed loop, multi-choice or open loop).

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.